

**–BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH–**

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<b>IN THE MATTER OF THE REQUEST OF</b>	)	<b>DOCKET No. 19-057-02</b>
<b>DOMINION ENERGY UTAH TO INCREASE</b>	)	<b>Exhibit No. DPU 5.0 DIR</b>
<b>DISTRIBUTION RATES AND CHARGES AND MAKE</b>	)	<b>Direct Testimony</b>
<b>TARIFF MODIFICATIONS</b>	)	<b>Jeffrey S. Einfeldt</b>

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**FOR THE DIVISION OF PUBLIC UTILITIES  
DEPARTMENT OF COMMERCE  
STATE OF UTAH**

**Direct Testimony of**

**Jeffrey S. Einfeldt**

**October 17, 2019**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.**

2 A. My name is Jeffrey S. Einfeldt. My business address is 160 East 300 South, Salt Lake  
3 City, Utah 84114. I am a Utility Analyst with the Division of Public Utilities  
4 (“Division”).

5 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

6 A. The Division.

7 **Q. PLEASE DESCRIBE YOUR POSITION AND DUTIES WITH THE DIVISION.**

8 A. As a utility analyst, I examine public utility financial data, review filings for compliance  
9 with existing programs as well as applications for rate increases. I research, analyze,  
10 document, and assist in establishing regulatory positions on a variety of regulatory  
11 matters. I provide and assist in the preparation of written and sworn testimony in hearings  
12 before the Utah Public Service Commission (“Commission”) and assist in the case  
13 preparation and analysis of testimony.

14 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY FOR THIS**  
15 **DOCKET.**

16 A. The purpose of my testimony is to summarize the work performed by the Division during  
17 its audit of the Infrastructure Tracker in preparation for the pending rate case filed by  
18 Dominion Energy Utah (“DEU”).

19 **Q. WHAT IS MEANT BY THE TERM “AUDIT” USED BY THE DIVISION IN**  
20 **REFERENCE TO THIS DOCKET AND THE INFRASTRUCTURE TRACKER**  
21 **AUDIT AS PART OF DOCKET NUMBERS 09-057-16 AND 13-057-05?**

22 A. The term “Audit” used by the Division in context of the Infrastructure Tracker is not  
23 synonymous with the term “Audit” as defined by the Public Accounting Profession. The  
24 term used by the accounting profession generally refers to a review of a company’s  
25 financial records to determine whether the financial statements are fairly stated and  
26 conform to generally accepted accounting principles. The work performed by the auditor  
27 must also comply with generally accepted auditing standards as defined by the  
28 accounting profession.

29 The work performed by the Division related to the Infrastructure Tracker qualifies as an  
30 “Agreed Upon Procedures” engagement pursuant to the definitions of the financial  
31 accounting profession. Such an engagement is limited in scope as compared to an audit of  
32 the financial statements.

33 **Q. WHAT STEPS DID THE TAKE DIVISION DURING ITS AUDIT OF THE**  
34 **INFRASTRUCTURE TRACKER?**

35 A. A detailed report of the Division’s audit of DEU’s Infrastructure Tracker Pilot Program  
36 (“Pilot Program”) was filed August 8, 2019 in anticipation of DEU’s pending general rate  
37 case and can be found in dockets 09-057-16 and 13-057-05. The following discussion is a  
38 summary, but not an exhaustive discussion of the work performed during the Division’s  
39 audit of the Pilot Program.

40 In summary, the Division met with DEU to review the accounting procedures  
41 surrounding the Pilot Program. The Division reviewed prior year audits and prior dockets  
42 creating and modifying the purpose of the Pilot Program.

43 The Division obtained a detailed list of transactions for the years ending 2016, 2017, and  
44 2018, which represent the years since completion of the most recent Division audit of the  
45 Pilot Program. The current activity was compared to prior years and to budgets prepared  
46 by DEU for reasonableness.

47 The Division requested supporting documentation including vendor invoices in support  
48 of a judgmentally selected number of transactions for the current three year period. The  
49 Division reviewed cutoff procedures to determine charges were recorded in the proper  
50 accounting period. The Division inquired of DEU's review and approval process of  
51 vendor invoices prior to payment. The Division inquired of DEU's internal audit process  
52 and reviewed internal audit reports regarding the Pilot Program.

53 **Q. WHAT CONCLUSION DID THE DIVISION REACH DURING ITS ANALYSIS**  
54 **OF THE PILOT PROGRAM?**

55 A. The Division concluded the costs accounted for in the Pilot Program were appropriate  
56 and reasonable and recommended they be included in general rates for the pending  
57 general rate case. The Division reserved the right to suggest adjustments to the Pilot  
58 Program costs subject to further overall prudence review conducted during the general  
59 rate case..

60 **Q. HAS THE DIVISION CHANGED RECOMMENDATIONS REGARDING THE**  
61 **PILOT PROGRAM IN THIS RATE CASE?**

62 A. Nothing has come to the Division's attention during its analysis of the Pilot Program or  
63 DEU's pending rate case to cause the Division to change its recommendation that the  
64 Pilot Program costs be included in general rates.

65 Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

66 A. Yes.